

BRITISH FREE TRADE.

Simultaneously with the announcement of renewed exports of gold to Europe last week, came a call from the Secretary of the Treasury upon the depositary banks of this city to turn over to him \$3,000,000 of the proceeds of the recent bond sale left in their keeping. The coincidence of the two events has naturally led to the inference that a connection exists between them, and that the Secretary intended, by withdrawing the \$3,000,000 from the banks, to reduce the amount of loanable funds in the market sufficiently to raise the rates of interest, and so check the outflow of gold. If this inference is correct, the Secretary shows a very marked appreciation of the magnitude of the task which he has undertaken. The time has begun when Americans are going abroad by thousands, and their expenditures in Europe the coming summer will amount to many times \$3,000,000. If their drafts are to be met by borrowings from foreign lenders, the rate of interest offered must be raised high enough to compensate for the risk of the depreciation of money with which the silverites threaten us, and this cannot be accomplished by piddling measures. The wiser course would be not to interfere at all with the operation of natural causes, but to pay out gold from the Treasury in the redemption of greenbacks as fast as it is called for, and let the resulting contraction of the basis of loans produce its legitimate effect. Unfortunately, both the President and Secretary Carlisle are possessed with the idea, for which there is no foundation, that they are in duty bound not merely to redeem the legal tenders in gold, when they are presented for redemption, but to create and preserve a gold fund for the purpose of preventing redemption. Paying out \$100,000,000 in gold and locking up \$100,000,000 in legal tenders would make the \$25,000,000 reserve left in the Treasury ample for all the redemption which would thereafter be demanded, but the deficiency of the revenues and the perversity of the Administration will not permit the adoption of this courageous policy.

In striking, and, to us, humiliating contrast with the conduct of our Treasury and the boldness of its management is the condition of the British exchequer and the statesmanlike manner in which its affairs are conducted. For the year 1863 an expenditure greater than ours has not only been met by a sufficient revenue, but has left a handsome surplus. Against receipts of nearly \$510,000,000, whereas for the fiscal year ending July 1, 1895, our receipts were only \$300,000,000, while our expenditures were only \$275,000,000, which it has paid out \$298,000,000. Moreover, our Government has been able to keep the result from being still more disastrous only by measures amounting virtually to a repudiation of just debts, whereas the British Government has paid everything it owes, besides a number of extra charges, amounting to \$12,500,000, which were not provided for in its estimates.

The superiority of British Government financing thus exhibited has been laid hold of by some fanatical free traders in this country as a demonstration of the superiority in promoting national prosperity of British free trade over our protection. An abundant revenue undoubtedly means abundant profits in the business of those who contribute it, and an inadequate revenue is proof of the reverse. Hence, it is said that British free trade benefits British traders more than American protection protects American traders. Sufficiently looked at, the argument seems sound, but more carefully examined a serious flaw is detected in it. This flaw consists in the fact that the taxpayers of Great Britain do not derive their incomes, out of which they pay their taxes, exclusively from business carried on in Great Britain, but very largely from enterprises and investments in other countries and from their shipping.

The proof of this fact is found in the enormous balance of trade shown, year after year, against Great Britain, and which as yet exhibits no signs of diminishing. In 1863, for instance, the value of the imports into the United Kingdom, over and above exports, was \$237,000,000, or \$1,785,000,000, while that of the exports was but \$226,000,000, or \$1,130,000,000, making an excess of imports of \$655,000,000. This excess many ill-informed theorists interpret as proving that the people of Great Britain are running every year deeper and deeper into debt, whereas the truth is that they are every year creditors to the rest of the world by as much and even more than the whole amount of it. Their surplus incomes not only permit them to consume annually \$655,000,000 more than they produce at home, but they have an additional surplus, which it is impossible to estimate, for reinvestment in foreign countries. To the millions of dollars which they have put out on the Continent of Europe and in Asia, Africa, and the United States, they are continually adding other millions, and are ready to add millions more as opportunity offers.

The income of all these vast sums, therefore, though spent by its recipients within the limits of the United Kingdom and paying tribute to the British exchequer, no more measures the prosperity of the trade of the kingdom, considered by itself, than do the enormous expenditures made in Newport and Lar Harbor by their millionaire summer residents measure the profits of the trade of these places. The youthful Britons who go forth to seek fortunes in foreign lands as merchants, engineers, miners, manufacturers, bankers and speculators generally, and who, by their industry and their talent, accomplish their object, return in mature age to the mother country, there to enjoy the fruits of their labors, while their children in turn go forth to repeat their achievements. Their success is the result, not of the commercial policy of the little island in which they were born, but of causes entirely disconnected from it.

The era of British free trade may be said to have commenced with the repeal of the corn laws, about half a century ago. In 1842 the duties on grain and flour imported into Great Britain were reduced, and in 1845 they were virtually abolished. The measure has given a great boost to the British agriculture, and thus has enormously stimulated British manufactures. It has, on the other hand, ruined the British farmer, and it may reasonably be doubted whether the gain to the one has not been more than exceeded by the loss inflicted on the other. For a while, indeed, the British farmer, protected by his nearness to the consumer of his products, held his own tolerably well, but as soon as the cheapening of ocean and railroad transportation enabled America, India, and Australia to compete with him, his earnings went steadily down until now millions of acres of British soil are not worth cultivating. Here are some figures showing the increase of the importations into Great Britain of foreign agricultural products since 1872:

	1872	1895
Grain and flower, cwts.....	103,106,234	170,272,450
Bacon and hams, cwts.....	2,001,925	5,522,938
Cattle, number.....	127,993	415,503
Sheep and lamb, number.....	8,821,259	24,540,549
Beef, cwts.....	1,000,000	1,000,000
Preserved meat, cwts.....	850,739	850,233
Butter, cwts.....	1,128,681	2,932,682
Fresh mutton, cwts.....	None	2,610,375

The result has been, that while in 1872 there were 3,630,300 acres of land devoted to the growing of wheat in Great Britain and 88,711 acres in Ireland, in 1895 only 1,417,741 acres were thus cultivated in Great Britain and 80,529 acres in Ireland. During the same period the area of permanent pasture increased in Great Britain from 13,178,412 acres in 1872 to 16,910,563 acres in 1895. That is to say, the country is reverting to the wilderness condition, and its formerly garden-like farms are giving way to the primitive pastures.

The evil consequences of this decay of British agriculture under the reign of free trade are manifest. The first and most obvious is the reduction of the income yielded by land and the impoverishment of its owners. The great estates of the aristocracy, which formerly enabled them to live in affluence, now rarely have the mortgage interest, jointures, dower rights, and other incidents of ownership to fall back on. Whole farms are abandoned by tenants because they cannot afford to pay even the taxes upon them. In Ireland the agricultural depression lies at the bottom of the so-called Home Rule agitation, and the resistance to the exactions of

landlords. Hence, too, the strength of the metallic movement, both among the British nobles, represented by Lord Salisbury and by his nephew, Mr. Arthur Balfour, among their tenants. Like the Western farmers of the Southern planters, they see in a depreciation of the money a sort of bitter price for their produce, and thus some relief from the burdens of interest, taxes, and rent.

A remote but none the less miscellaneous result of the same cause is the abandonment of the country for cities by large numbers of the rural population. Of the 20,000,000 inhabitants of England and Wales at the last census, 20,800,000, or over two-thirds, lived in towns and cities, and only 8,200,000 in the country. In Scotland one-half the population lived in towns of more than 10,000 inhabitants, though in Ireland the proportion was about one in six. Thus the supply of labor for factories has been, at least in England and Wales, increased at the expense of land tillage. As a further consequence the British army, which, during the great Napoleon's war of the beginning of this century, was recruited from among the sturdy yeomanry of the rural districts of England and Scotland, now has to draw its recruits from among the physically inferior dwellers in cities.

In addition to this enfeeblement of her military strength through the decay of agriculture, Great Britain has also to contend with the possibility, in case of a general war, of an interruption of the food supplies on which her home population depends for its very existence. War with a single country would, indeed, merely throw the transportation of the foodstuffs of the hosts of neutral powers, but one which should aim against Great Britain the United States, France, and Germany would make it difficult and costly. So much, indeed, has this danger impressed itself upon thoughtful Britons that it has been seriously proposed by them to establish granaries capable of holding a year's supply of breadstuffs, and keep them constantly replenished as a reserve for war necessities.

All these considerations do not prove, to be sure, that free trade is an unqualifiedly good one. Still, it is fair to use them as an answer to the free traders who too hastily appeal to the experience of Great Britain as demonstrating the benefits of free trade, and it is surprising that American protectionists do not see it. The truth is that each policy has its disadvantages and each its advantages, and in deciding between the two every country must be willing to accept with its drawbacks whichever one it takes.

MATTHEW MARSHALL.

FINANCIAL AND COMMERCIAL.

New York Stock Exchange - Sales and Range of Prices on All Securities Dealt in During the Week Ending May 2, 1896.

UNITED STATES STATE BONDS IN \$1,000.000.

Sales. **Name.** **Open.** **High.** **Low.** **Clos.** **Chgs.**

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